

Message Text

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47

ACTION EA-10

INFO OCT-01 ISO-00 AID-05 SP-02 EB-07 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

INR-07 NSAE-00 COME-00 AGR-05 PA-01 PRS-01 USIA-06

XMB-02 FRB-03 /075 W

----- 004860

R 030800Z FEB 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 6417

INFO AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY PHNOM PENH

AMEMBASSY SAIGON

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMEMBASSY VIENTIANE

AMCONSUL MEDAN

AMCONSUL SURABAYA

C O N F I D E N T I A L JAKARTA 1396

EO 11652: GDS

TAGS: PFOR EAID ID LA CB

SUBJ: GOI LOAN TO LAOS AND POSITION ON KHMER ESF

REF: JAKARTA 1338

1. FONDEPT ASIA AND PACIFIC AFFAIRS DEPUTY AKOSAH AND
INFO CHINA SPECIALIST MOMON TOLD POLCOUNS DURING CALL ON
THEM FEBRUARY 3 THAT GOI'S RECENTLY ANNOUNCED \$1 MILLION
LOAN TO LAOS (REFTEL) WAS A "POLITICAL GESTURE" DESIGNED
TO EXPRESS SUPPORT FOR LAO COALITION GOVERNMENT.

2. ASKED HOW GOI RECONCILED THIS WITH GOI DECISION
NOT TO CONTRIBUTE TO KHMER ESF, THEY SAID GOI HAS GIVEN
GREAT SUPPORT TO KHMER IN POLITICAL REALM, NOTING,
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SOMEWHAT FRETFULLY, THAT TOP OFFICIALS OF FONDEPT'S EAST

ASIAN DIRECTORATE SPEND 90 PERCENT OF THEIR TIME ON THE KHMER PROBLEM, AND THAT THE CAMBODIANS HAVE NOT BEEN ABLE TO ACHIEVE A SETTLEMENT AS THE LAO HAVE.

3. THEY SAID FONDEPT HAS TO FIGHT HARD WITHIN GOI FOR THE LOAN TO LAOS, BUT FINALLY WON OUT BY ARGUING POLITICAL DESIRABILITY OF SUPPORT FOR NEUTRALIST COALITION IN LAOS AND THAT THE EXAMPLE OF AT LEAST A "TOKEN" CONTRIBUTION BY INDONESIA MIGHT INFLUENCE OTHER COUNTRIES IN REGION TO HELP RLG'S GREAT NEED FOR ASSISTANCE. (JAPANESE EMBOFF LATER IN DAY TOLD POLCOUNS DECISION TO GRANT LOAN MADE BY PRESIDENT SUHARTO OVER STRENUOUS OBJECTIONS OF BAPPENAS-DEVELOPMENT AGENCY--OFFICIALS.)

4. IN ORDER TO EMPHASIZE POLITICAL SIGNIFICANCE OF LOAN, THEY SAID GOI PERSUADED LAO MINISTER FOR PLANNING AND ECONOMY SOTH PETHRASY AND HIS DELEGATION OF REMAIN BEYOND ORIGINALLY SCHEDULED DEPARTURE DATE IN ORDER TO MEET WITH FONMIN MALIK WHO RETURNED TO JAKARTA JAN 31.

5. THEY SAID LAO DELEGATION INCLUDED REPRESENTATIVES OF BOTH SOUVANNA PHOUMA AND PATHET LAO FACTIONS, AND THAT MEMBERS OF THE TWO LAO FACTIONS FREQUENTLY DIFFERED AMONG THEMSELVES DURING TALKS WITH INDONESIAN OFFICIALS.

6. DISCUSSING DETAILS OF LOAN, AKOSAH AND MOMON SAID TERM IS THIRTY YEARS, WITH NO INTEREST AND TEN-YEAR GRACE PERIOD. HALF WILL FINANCE IMPORTS OF INDONESIAN GOODS, PROBABLY TEXTILES, AND THE OTHER HALF IS FOREIGN EXCHANGE TO BE USED BY RLG FOR CURRENCY STABILIZATION. THEY WERE VAGUE ABOUT WHETHER OR NOT THE LATTER HALF MILLION WOULD BE USED FOR LAO FOREIGN EXCHANGE OPERATIONS FUND OR IN SOME OTHER MANNER, AND SAID GOI HAD MADE NO FURTHER PROMISE TO PROVIDE CURRENCY STABILIZATION OR OTHER ASSISTANCE TO LAOS, ALTHOUGH IT WILL "CONSIDER THIS". ACCORDING PRESS REPORTS, LOAN AND GOI AGREEMENT TO PROVIDE OTHER FORMS ASSISTANCE WAS FORMALIZED IN AGREEMENT SIGNED BY LAO DELEGATION AND GOI MINISTRIES JAN 31. (SEE REFTEL FOR FURTHER DETAILS).

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7. COMMENT: AKOSAH GAVE CLEAR IMPRESSION THAT WHILE FONDEPT FOUGHT AND WON BATTLE WITHIN GOI TO OBTAIN FUNDS FOR NEUTRAL LAOS, IT (FONDEPT) BECOMING WEARY OF EFFORT TO ASSIST GKR AND UNLIKELY MAKE SIMILAR EFFORT TO OBTAIN EVEN TOKEN CONTRIBUTION TO ESF.
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